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C O N F I D E N T I A L SECTION 01 OF 02 JEDDAH 000350

SIPDIS

RIYADH PLEASE PASS TO DHAHRAN; DEPARTMENT FOR NEA/ARP

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TAGS: [ECON](#) [EAIR](#) [EINV](#) [PGOV](#) [SA](#)
SUBJECT: GACA EXPRESSES INTEREST IN REVIVING FAA
RELATIONSHIP

REF: 06JEDDAH636

Classified By: Acting Consul General CB Toney for Reasons 1.4 (b) and (d).

¶1. (C) During an August 4 - August 6 visit by Senior FAA Representative Roy Barnett from Emb Abu Dhabi, executives at the General Authority for Civil Aviation (GACA) said they are proceeding on divesting and privatizing the authority's non-regulatory functions. They also expressed interest in re-engaging the FAA through its technical assistance program, and in committing to the Global Aviation Safety Roadmap. GACA is seeking to extend its jurisdiction over Aramco aviation, while Aramco's aviation director wants more engagement with the FAA.

GACA President: Privatization proceeds

¶2. (C) Meeting with FAA Rep on August 5, GACA President Abdullah Rehami and Vice President for Safety and Standards Dr. Mohammed Berenji described plans for continuing GACA's reorganization and privatization. GACA currently functions as a regulatory authority, an airport controller, and a navigation services provider. It has also been charged with overseeing the liberalization of the airline sector, having recently spun off its catering and cargo operations while developing a two-year plan for the privatization of Saudi Airlines (reftel). Rehami explained the need for GACA to divest itself of all but its regulatory function, citing the need for an arm's-length relationship between regulators and service providers. Regarding the Kingdom's airports, he said that each would soon be transformed into an individual state-owned corporation as an intermediate step towards privatization. Rehami said that there has been little deviation from the overall privatization timeline announced in 2006, but offered no projected date for full airport privatization.

¶3. (C) Rehami said that his priority is to make Saudi airspace as attractive as possible while ensuring that growth in the aviation sector does not compromise safety. He foresees unprecedented growth in air traffic within the Kingdom over the next five years, and fears that this growth might outstrip regulatory capacity, citing Qatar as a cautionary example. Although the Ministry of Finance and the Council of Ministers have rebuked his requests for additional resources, he believes they will acquiesce once he makes it clear that the alternative is to cap air traffic growth to avoid under-monitoring. On the issue of regional cooperation, Rehami expressed willingness "to re-engage" on the Cooperative Development of Operational Safety and Continuing Airworthiness (COSCAP) agreement, but only if the GCC inspector hub was based in the Kingdom rather than in another GCC participant such as UAE or Bahrain.

GACA VP agrees to FAA technical assistance

14. (C) In a series of meetings with FAA Representative and PolEconOff from August 4 to August 6, GACA Vice President Mohammed Berenji discussed in more detail GACA's safety regulatory operations and its relationship with the FAA. He explained that GACA's use of FAA Federal Aviation Regulations (FARs) was formalized in September 2007 by Prince Sultan's Ministerial Order 26-4, but that it also uses European Joint Aviation Requirements (JARs). Berenji said that the regulatory arm of GACA currently has 280 planes on its registration records, most from the three domestic operators: Saudi Airlines, Sama Airlines, and Nas Air. GACA is preparing for a comprehensive audit by the International Civil Aviation Organization (ICAO) in October 2009. The auditors were initially unable to produce an inspection plan when asked by FAA Rep, and two days later produced an incomplete plan. COMMENT: FAA Rep considered this to be an alarming lapse based on his own prior experience as an FAA auditor. END COMMENT.

15. (C) Berenji said that relations with the FAA have been poor since 2004 when, by his account, the FAA withdrew its inspectors and voided the licenses of many employees of GACA's predecessor, the Presidency of Civil Aviation (PCA). The PCA and Ministry of Defense subsequently decided to suspend most policy-level interaction with the FAA, and Berenji stated that "we will never again be in a situation where the FAA can unilaterally cripple our aviation."

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Berenji emphasized that he had invited FAA Rep "as a friend," and that he would prefer to deal officially through Washington, DC. However, he sounded open to FAA Rep's suggestion to use the FAA's regional hub in Abu Dhabi as a channel to expand the FAA-GACA relationship. Berenji repeatedly said that he wished that this relationship could eventually be restored to its previous strength.

16. (C) Berenji initially evaded FAA Rep's suggestions to let the FAA Flight Standards Division offer a technical assistance visit, claiming that he was negotiating with private contractors who would help GACA eliminate any shortcomings. He abruptly changed course during the final meeting and said he would recommend to Rehaimi that GACA accept the FAA's offer. He also said he would recommend that GACA commit to the Global Aviation Safety Roadmap, a joint action plan with broad support from industry and regulators worldwide.

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Hajj issues: more difficulties for Afghanistan,
more pilgrim flights from China
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17. (C) Asked by PolEconOff whether he expected Afghani airlines to receive their requested takeoff and landing slots for this year's Hajj, Berenji said that he expected difficulties similar to those of the last two years, and that Afghani airlines KamAir and Arianna would likely be blacklisted if they continued to rely on wet leases from "Central Asian countries with poor safety records."

18. (C) Berenji also remarked that there has been a sharp increase in Hajj flights from China in recent years, and that he expects this trend to continue. He noted a parallel to the growing Chinese business presence in the Kingdom. He added that the MFA had concerns about the large influx and had strongly opposed increasing the number of Chinese Hajj visas, but the Ministry of Hajj had prevailed in its bid to allow more Chinese pilgrims.

GACA wants more oversight of Aramco;
Aramco wants more engagement with FAA

¶9. (SBU) Rehaimi and Berenji both expressed their belief that GACA should have greater oversight of Aramco's aviation activities, and would like FAA support on this issue. Berenji claimed that Aramco operates risky trips into the Empty Quarter and the Gulf, and that its growing use of contract air transportation merits greater GACA involvement.

¶10. (SBU) In an August 6 telephone call to Aramco aviation director Khalid Natour, Natour told FAA Rep that Aramco has a working relationship with GACA and that they are under the latter's jurisdiction. However, since Aramco operates its own private airports and uses US-registered aircraft leased from a Houston-based subsidiary, most of its certification and licensing is done through the FAA. Natour said that he has a good working relationship with the FAA's New York office, and added that he would like to invite FAA Rep to visit so that he could observe the magnitude of Aramco's operations.

¶11. (C) COMMENT: It is clear that Rehaimi delegates heavily to Berenji, and that the latter's influence extends well beyond GACA's regulatory division. If Berenji does in fact recommend increased engagement with the FAA (a recommendation that Rehaimi would be unlikely to overrule) he can be expected to play a dominant role. END COMMENT.
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